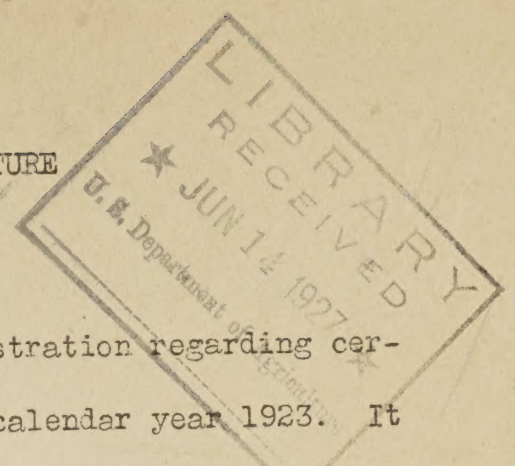


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UNITED STATES DEPARTMENT OF AGRICULTURE
Grain Futures Administration
Washington, D. C.



Mr. Ladd
You come in, please.
Mr. Ladd
6/19

This is a report by the Grain Futures Administration regarding certain phases of trading in grain futures during the calendar year 1923. It is in response to Senate Resolution No. 9, introduced by Senator Ladd, which was adopted by the Senate on January 8, 1924. This Resolution is copied in Appendix I of this report.

Inasmuch as the resolution refers to the movements of prices for wheat futures during the last three quarters of the year 1923, on the Chicago Board of Trade, a brief resume of such movements for the whole year will help to afford a background for the information contained in this report.

During the last three months of 1922, the wheat futures market witnessed an irregular advance from about \$1.05 to about \$1.25. This was followed by a decline to about \$1.15 (May future) on January 23, 1923. Thereafter an irregular advance took place which culminated on April 26 when the May future reached \$1.27-1/4 and the July future reached \$1.25-7/8. This was followed in the next two months by a downward movement culminating on July 17, when the July future touched 96-3/8¢ and the September future 95-3/4¢. Quotations for wheat futures in the month of July were proven later to have reached the bottom for the year. The highest quotations thereafter recorded were \$1.10-3/4 for the December future (\$1.14-5/8 for the May, 1924 future) on October 8, 1923, and \$1.11-3/4 for the May, 1924 future on December 4-6, 1923. At the end of the year May wheat was selling at Chicago around \$1.07, in the course of an upward movement which was destined not to culminate until sometime in February, 1924.

By reason of the conditions which led to the passage of the Future Trading Act and the Grain Futures Act, it became necessary for the Grain

Futures Administration when first set up to proceed to assemble, compile and interpret as much precise information as could be obtained regarding future trading in grain, its economic functions and the manner in which these functions are performed. (For relevant sections of the Grain Futures Act see Appendix II). The work so undertaken is still under way and will be continued, but some of the facts already ascertained are of considerable significance with reference to the principal question raised by Senate Resolution No. 9, and are at the same time of such character as to permit of publication in this report.

The original basis of this report consists of some of the information assembled by the Grain Futures Administration from the time when it began to function, a little over two years ago. A part of this information which relates to the trading of individuals came in the first instance from the daily reports made to the Grain Futures Administration ever since July 9, 1923, by all members of the clearing house of the Chicago Board of Trade, under general rules and regulations (See Appendix III) made and prescribed by the Secretary of Agriculture under the Grain Futures Act. Such information has been supplemented by a special investigation which covered the whole year including that part of the year during which such daily reports were not being required or furnished, by reason of a restraining order issued by the courts effective until the constitutionality of the Grain Futures Act was affirmed.

These "clearing members" of the Board, herein referred to as firms, include those individuals, partnerships and corporations through which are handled all the transactions in grain futures on the Chicago Board of Trade, and which are contractually responsible to one another for all the trades executed in the "pit" until these trades are closed out. This means that

they represent, either directly or indirectly, all the traders in grain futures who do any trading through the Chicago Board of Trade.

The daily reports which are required of these "clearing members", under the general rules and regulations above mentioned, include, among other items, "the net position at the end of the period covered by the report of each separate account carried by such clearing member when such net position equals or exceeds such amount as shall be specified in a written notice from time to time by the Grain Futures Administration", which amount has been fixed, so far as wheat futures in the Chicago market are concerned, at 500,000 bushels.

The investigation carried on for the purpose of laying a fuller basis for this particular report has followed the line thus indicated by this regulation. This procedure has considerably shortened the amount of time and lessened the labor that otherwise would have been required. The information obtained under the regulation was all useful for the purpose of this report and was of such a character as to fit in with and afford a check upon the other information gained through the special investigation.

The special investigation therefore has related to accounts in wheat futures as kept upon the books of the "clearing members" of the Chicago Board of Trade of whatever nature any such account might be, provided only that it was at some time during the calendar year 1923 net "long" or net "short" in the Chicago market as much as 500,000 bushels. For this purpose the net position of each account is the difference between the total "bought" and total "sold" in all wheat futures combined.

At the end of the year 1923, there were in business 132 "clearing members" of the Chicago Board of Trade, as already defined, through whom

had been handled all the transactions in wheat futures in that market, except a trifling fraction handled by firms which went out of business at some time during the year.

The total of all transactions in wheat futures, during the calendar year 1923, on the Chicago Board of Trade, amounted to 8,572,111,000 bushels, counting one side of each transaction, or a daily average of about 28,500,000 bushels. For 1922 the corresponding figures were 11,072,934,000 bushels and 36,900,000 bushels. For 1921 they were 12,279,477,000 bushels and 40,800,000 bushels. In 1923 the Chicago Board of Trade handled 85 per cent of all the trading in wheat futures in the seven principal grain futures markets of the United States, as against 87.2 per cent in 1922 and 86.8 per cent in 1921.

The average size of the "customers' open interest" represented by these "clearing members" taken together (see Appendix III, Section 2, e), as estimated for the year upon the basis of the daily reports rendered during the last half of the year 1923, as hereinbefore explained, amounted to somewhat more than 90,000,000 bushels, counting but one side of each transaction. This figure may be taken to represent either the aggregate of all customer' accounts which were "long" or the aggregate of all customers' accounts which were "short", items which must necessarily be equal, and which include, of course, accounts of every character, including accounts for persons engaged in the cash grain business and making use of the futures market for "hedging" purposes, as well as accounts for speculators.

Of the average daily transactions for 1923, amounting as already stated to about 28,500,000 bushels, fully 14,000,000 bushels, on the

average, or not less than 50 per cent, it is fairly estimated represented the operations of "pit traders" or "scalpers". These traders vary in number, for wheat futures, from 25 to 100 or more, they execute their own trades in the wheat pit, and they are continually engaged in buying and selling at current quotations, in competition with one another for small gains such as one-eighth or one-quarter of a cent per bushel. Their "position on the market" normally varies as between the "long" position and the "short" position not only from day to day but also from hour to hour and even from minute to minute during the day. Most of them usually go home every night in a position that is "even", or almost "even"; that is, neither "long" nor "short."

A substantial percentage of the transactions of these "pit traders" result in neither profit nor loss. Information in the possession of the Grain Futures Administration shows that on the average about 50 per cent of all transactions in wheat futures on the Chicago Board of Trade during 1923 were "scratch trades"-- or approximately 8,500,000 bushels per day. "Scratch trades", or "scratch sales", as defined by the regulations of the Treasury Department under the Revenue Act of 1921, are those in which "the purchase and sale are made at the same exchange, on the same day, at the same price, and for the account of the same person." Almost all such trades as a matter of fact are for the account of "pit traders" or "scalpers." Such trades are free from the sales tax of 2¢ per hundred dollars of value which is payable on all other trades.

Thirty of the "clearing members" of the Chicago Board of Trade, representing 23 per cent of the "clearing members" in business at the end of the year, handled during 1923 over 60 per cent of all the transac-

tions in wheat futures and represented on the average over 75 per cent of the open interests. These 30 "clearing members" include all the large grain futures commission houses.

The "net position" of these firms, in relation to one another and to other members of the clearing house - that is, their "street" position - has been ascertained for the beginning of each month of the year. The number of these firms whose net position was "long" and the number whose net position was "short", in wheat futures, at the beginning of each month of the year 1923, are exhibited in the following table:

Month	Number "Long"	Number "Short"
January ----	16	12
February ---	14	14
March -----	14	14
April -----	13	16
May -----	16	13
June -----	17	12
July -----	16	13
August -----	15	14
September---	18	11
October ----	18	12
November----	16	14
December----	14	16

The foregoing table indicates that the number of firms "long" and the number "short" were as a rule nearly equal, but that there were usually a few more of these firms in the "long" position than in the "short" position.

A canvass of all the "clearing members" of the Chicago Board of Trade disclosed the fact that in these 30 houses were to be found all the accounts in wheat futures belonging to the half-million class, as defined earlier in this report, and that there were 150 such accounts. In other words, these 30 firms were the only ones belonging to the clearing house which had one or more accounts in wheat futures, of any character whatso-

ever, which at any time during the year 1923 had been net "long" or net "short" in the Chicago market as much as 500,000 bushels of wheat. These 150 accounts include all the accounts of this size upon the books of the "clearing members" of the Chicago Board of Trade during the year 1923 - as nearly as the number can be ascertained without a lengthy and detailed audit of all the records involved. This information is based upon reports made, subject to penalty for false statements, by firms which have for over six months been making daily reports to the Grain Futures Administration, during which time the accuracy and credibility of different firms have been tested. These reports have been checked against information in the possession of the Grain Futures Administration regarding these same firms and the majority of these same accounts, and verified in doubtful cases by special inquiry and investigation.

These 150 accounts, then, are those herein designated as belonging to the half million class. Only part of them, of course, are "speculative" accounts.

An attempt has been made to classify these 150 accounts in the half-million class, with the result that 32 of them have been found to fall in a single group, herein referred to as the speculative group. This group of accounts is subjected to detailed analysis in this report, upon the basis of information which includes, for each of these accounts, its net position in wheat futures at the beginning of the year 1923, the dates on which either purchases or sales or both were made during the year, the number of bushels bought or sold or both on each of these dates, and the net position of the account at the end of the year. In order to avoid misunderstanding, a more precise description of this group of speculative accounts is given later in this report.

Another group, consisting of 45 of the accounts in wheat futures in the half-million class, is herein referred to as the "hedging" group. It represents persons engaged in the cash grain business. Many of these are known to have confined their operations in wheat futures to the buying and selling of contracts for "hedging" purposes, but with respect to a few of them some speculative operations are known to have been included in the account.

The other 73 accounts comprised in the 150 accounts in the half-million class were not found to be capable of inclusion either in the speculative group or in the "hedging" group, as these groups have been defined for the purpose of this investigation. Fifty-five of these 73 accounts, for instance, did not represent individual traders, like the accounts in the two groups already mentioned, but did represent "customers" who are "commission houses", most of them not located in Chicago, and consequently not members of the clearing house of the Chicago Board of Trade. Such concerns, though counted as "customers" by "clearing members" of the Board, have customers of their own, whose identity is seldom known to the "clearing members" and whose accounts are not kept by the latter. Accordingly these 55 accounts have not been capable of definite allocation either to the speculative group or to the "hedging" group. Their combined net position, however, in wheat futures, at quarterly intervals, was always "long", as indicated by the table in Appendix IV of this report.

Five of these 73 accounts were not capable of classification for the reason that they were of mixed character. Thirteen others, however, represented "spreads between markets." Some of these were accounts representing persons engaged in the cash grain business and others were

accounts representing persons who would ordinarily be classed as speculators. These "spreading" accounts are not included in either of the two groups specially analyzed in this report but are being included in a general study of "spreading", upon which the Grain Futures Administration is engaged and of which the results will be published later.

Turning now to the group of 32 "speculative" accounts carried by "clearing members" of the Chicago Board of Trade, and comprised in the half-million class, these accounts represent principally "professional traders or speculators", but include also a few "members of large futures commission houses", as specified by Senate Resolution No. 9. Some of these parties were members of the Chicago Board of Trade and some of them were not members. Some of them are "well-known", and of the speculators considered by the Grain Futures Administration to be "well-known" these accounts represent all but two or three. The group also includes a few parties who are not "well-known." The facts disclosed by an analysis of this group of 32 accounts, as previously defined and described, are presented below.

The number of these accounts belonging to any one operator was almost always one, but in a few cases two or even three of these accounts represented the same party. In order to exhibit the general nature of speculative operations by individual traders, three statements are herewith presented regarding 13 of these 32 accounts, including every such account as was ever at any time during the year net "long" or net "short" as much as 1,000,000 bushels. These 13 accounts are here designated as belonging to the million class.

1st. No one of these 13 accounts was ever net "long" or net "short" as much as 3,150,000 bushels; no two of them combined were ever net "long" or net "short" as much as 5,025,000 bushels; and no three of them combined were ever net "long" or net "short" as much as 6,125,000. The largest combined net position for any group of three of these accounts for any time during the year was 6,115,000 "short" on March 15, 1923.

2nd. Three of these 13 accounts reached their maximum on the "long" side and 10 on the "short" side. Of the three which reached their maximum on the "long" side, one did so in February, one in April, and one in November. Of the 10 which reached their maximum on the "short" side, two did so in January, two in March, two in May, one in June, one in July, one in August and one in December.

3d. The combined net position of these 13 accounts in the million class was always "short" except on April 10, October 6-8, and for about two weeks around the first of December. On April 10 it was 105,000 bushels "long", in October it was for one day 500,000 bushels "long", and in early December it was for three days about 900,000 bushels "long". Their combined net position when on the "short" side reached its maximum on May 29 when it was 8,175,000 bushels "short". It exceeded eight million bushels only on one other date, January 30, when it was 8,010,000 "short". On both of these dates the aggregate of all accounts, both large and small, on the books of all "clearing members" of the Chicago Board of Trade, as hereinbefore explained, and counting either the aggregate of all "long" or the aggregate of all "short" accounts, amounted to not less than 90,000,000 bushels.

Turning now to the whole group of 32 speculative accounts, comprised in the half-million class and including the 13 accounts already

mentioned, four general statements may be made as follows:

1st. Only two of these 32 accounts were in the market continuously throughout the year, while the remaining 30 were in the market for periods varying from about 2 weeks to about 11 months. Four of these 32 accounts were never in the market on the "short" side at any time during the year; 10 of them were never on the "long" side, and the remaining 18 were now on the one side and now on the other. Taking the year by quarters the showing was as follows:

Quarter	Total No.	Number Out	Number In	Number Never Long	Number Never Short	Number on Both Sides
First	32	7	25	10	7	8
Second	32	9	23	7	3	13
Third	32	6	26	15	4	7
Fourth	32	9	23	11	6	6

This table shows that at some time during every quarter there were at least 23 speculative accounts in the half-million class which held some position in the market and that during every quarter of the year there were more of these accounts on the "short" side than on the "long" side. Some of these accounts were active only in the first half of the year, and some only in the last half, but 23 of them were active in both halves of the year. Each of these 23 was also on the books of the same firm in both halves of the year.

2d. The total trading in wheat futures for these 32 speculative accounts amounted during the year 1923 to 231,588,000 bushels bought and 228,733,000 bushels sold. Their combined position was sometimes "long" and sometimes "short," but for almost all of the year was "short." This position reached its maximum on the "short" side late in July when it amounted for one day to 8,060,000 bushels and for one other day to above 7,000,000. The combined net position

of this group at the beginning of the year was 4,980,000 bushels "short," and at the end of the year 2,225,000 bushels "short." The average daily combined net position of the group by quarters was as follows: First quarter, 3,650,000 bushels "short"; second quarter, 3,760,000 bushels "short"; third quarter, 4,862,000 bushels "short"; fourth quarter, 1,241,000 bushels "short."

3d. The only times when the combined position of this group was on the "long" side were early in April, early in October, and early in December. During the first of these periods their combined net position reached its maximum at 1,805,000 bushels "long," during the second at 1,655,000 bushels "long," and during the third at 1,690,000 bushels "long."

4th. Throughout the year there were some of these 32 speculative accounts net "long" and others net "short" as indicated by the following table, which gives the information by months.

Date	:	:	:	:	:	:	:
	: Number	: Aggregate of	: Number	: Aggregate of	: Total No.:	: Combined	
	: Accounts:	Net Long	: Accounts:	Net Short	:Accounts	: Aggregate	
	:Net Long	Interests	:Net Short:	Interests	:Net Long	:Net Position	
	:	:	:	:	: and	: (Short)	
	:	:	:	:	:Net Short:		
	:	:Unit-1000 bu.	:	:Unit-1000 bu.	:	:Unit-1000 bu.	
Dec. 31, '22	: 7	: 2035	: 13	: 7015	: 20	: 4980	
Jan. 21, '23	: 11	: 2960	: 9	: 7680	: 20	: 4720	
Feb. 28	: 10	: 5200	: 10	: 8910	: 20	: 3710	
Mar. 31	: 11	: 4850	: 10	: 6950	: 21	: 2100	
Apr. 30	: 9	: 3330	: 10	: 6935	: 19	: 3605	
May 31	: 11	: 3025	: 9	: 9390	: 20	: 6365	
June 30	: 7	: 1155	: 10	: 6135	: 17	: 4980	
July 31	: 4	: 2160	: 12	: 6730	: 16	: 4570	
Aug. 31	: 4	: 1635	: 11	: 6820	: 15	: 5185	
Sept. 30	: 7	: 1480	: 7	: 5650	: 14	: 4170	
Oct. 31	: 8	: 2610	: 5	: 3300	: 13	: 690	
Nov. 30	: 4	: 2075	: 8	: 2180	: 12	: 105	
Dec. 31	: 3	: 1460	: 7	: 3685	: 10	: 2225	

For purpose of comparison a few facts regarding the group of

45 "hedging" accounts in the half-million class may not be presented.

There were always some "long" accounts in this group, but the combined net position of these 45 accounts was always "short", seldom to the extent of less than 3,000,000 bushels and usually to the extent of more than 10,000,000 bushels.

The volume of "hedges" carried for this group of 45 "hedging" accounts in the half-million class during the last half of the year exceeded considerably the volume so carried during the first half of the year.

The number of these 45 "hedging" accounts which were ⁴not "long", and the number which were ¹not "short," at the end of the year 1922 and at the end of each month of 1923, together with aggregate and combined net positions, are given in the accompanying table.

Date	:	:	:	:	:	: Total No.: Combined	
	:	Number	: Aggregate of	:	Number	: Aggregate of	: Accounts : Aggregate
	:	Accounts:	Net Long	:	Accounts :	Net Short	: Net Long : Net Position
	:	Net Long:	Interests	:	Net Short:	Interests	: and : (Short)
:	:	:	:	:	:	: Net Short:	
:	:	: Unit=1000 bu.	:	:	: Unit=1000 bu.	:	: Unit=1000 bu.
Dec. 31, 1922:	6	:	8919	:	21	:	27 : 5968
Jan. 31, 1923:	5	:	2829	:	24	:	29 : 15553
Feb. 28	4	:	695	:	24	:	28 : 17461
Mar. 31	4	:	750	:	25	:	29 : 17131
April 30	7	:	965	:	25	:	32 : 12389
May 31	7	:	895	:	22	:	29 : 10231
June 30	14	:	5055	:	16	:	30 : 1604
July 31	18	:	8295	:	18	:	36 : 12233
Aug. 31	12	:	8138	:	24	:	36 : 18925
Sept. 30	13	:	4970	:	21	:	34 : 19705
Oct. 31	11	:	5480	:	24	:	35 : 19644
Nov. 30	9	:	2800	:	26	:	35 : 23217
Dec. 31	4	:	820	:	29	:	33 : 28234

Trading by weeks during the year both for the group of 32 speculative accounts and for the group of 45 "hedging" accounts, is presented in the accompanying table. Average daily closing prices are also given for each week, for certain selected futures. This item is given for each of the active futures from the time when the volume of trading in that future came to exceed the volume of trading in any other future until the end of the delivery month in each case. The total volume of sales (or purchases) for each week, for the market as a whole, is also given.

TABLE SHOWING BY WEEKS FOR THE CALENDAR YEAR 1923 TOTAL SALES IN WHEAT FUTURES AND ALSO FOR TWO GROUPS OF ACCOUNTS IN WHEAT FUTURES TOTAL BOUGHT DURING THE WEEK, TOTAL SOLD DURING THE WEEK, NET BOUGHT OR NET SOLD DURING THE WEEK AND NET POSITION AT END OF WEEK, CHICAGO BOARD OF TRADE, WITH AVERAGE DAILY CLOSING PRICES FOR THE WEEK.

In thousands of bushels														
45 HEDGING ACCOUNTS														
32 SPECULATIVE ACCOUNTS														
Week Ending	Total Sales Entire Market	Total Bought	Total Sold	Net Bought	Net Sold	Net Position at end of week		Total Bought	Total Sold	Net Bought	Net Sold	Net Position at end of week		Average Daily Closing Price for Week
						Long	Short					Long	Short	
Jan. 6	222988	9565	12565		3000		8968	4080	4550		470		5450	1,188
13	179480	6755	11155		4400		13368	5475	4905	470			4980	1,191
20	162797	2895	4755		1860		15228	5775	4395	1380			3600	1,193
27	184703	3485	2605	880			14348	3900	4995		1095		4695	1,167
Feb. 3	130614	1010	1900		890		15238	3440	4120		680		5375	1,174
10	192788 192778	2147	5010		2863		18101	7615	4840	2775			2600	1,206
17	228808	2950	1785	1165			16936	5523	7368		1845		4445	1,214
24	149617	2420	2280	140			16796	3805	3540	265			4180	1,192
Mar. 3	156083	3695	2485	1210			15586	6020	6410		390		4570	1,181
10	140605	2420	2530		110		15696	6165	4185	1980			2590	1,189
17	136787	3610	3920		310		16006	7325	5505	1820			770	1,201
24	162131	3571	5351		1780		17786	5420	4855	565			205	1,212
31	119966	3455	2800	655			17131	4900	6795		1895		2100	1,193
Apr. 7	171822	7880	2704	5176			11955	9605	6495	3110		1010		1,213
14	325591	7062	5669	1393			10562	7905	8210		305	705		1,244
21	264989	3676	4235		559		11121	3650	7255		3605		2900	1,250
28	216749	4154	4557		403		11524	7090	8195		1105		4005	1,252
May 5	286848	7176	7453		277		11801	7015	6500	515			3490	1,199
12	204594	3125	2355	770			11031	3520	4475		955		4445	1,172
19	200403	3385	3655		270		11301	4105	4415		310		4755	1,187
26	169300	2565	2405	160			11141	4910	4805	105			4650	1,183
June 2	216966	3207	2657	550			9130	6420	5610	810			3940	1,136
9	189584	3945	3162	783			8347	3110	4400		1290		5230	1,100
16	173204	2647	2456	191			8156	13765	12435	1330			3900	1,110
23	250780	8902	4564	4338			3818	2725	5425		2700		6600	Sept. 1,055
30	190141	12391	10177	2214			1604	2675	1055	1620			4980	1,029 1,025
July 7	89529	6256	6300		44		1648	1405	1830		425		5405	1,031 1,030
14	154907	8100	8150		50		1698	2760	3940		1180		6585	1,000 1,004
21	193973	7913	12252		4339		6037	3530	3485	45			6540	.982 .993
28	189159	9945	13384		3439		9476	5785	6300		515		7055	.975 .976
Aug. 4	130529	8852	12514		3662		14108	5690	2055	3635			3420	.972 .970
11	96002	5375	8665		3290		17398	3900	2500	1400			2020	.982
18	164905	7153	9239		2085		19484	3630	5395		1765		3785	1.003 Dec.
25	147930	9676	9931		255		19739	2355	1830	525			3260	1.011 1.054
Sept. 1	195971	16207	17304		1097		20836	2285	4100		1815		5075	1.012 1.056
8	120708	6091	6396		305		21141	2060	1020	1040			4035	1.020 1.061
15	154760	4094	5772		1678		22819	1400	2600		1200		5235	1.010 1.039
22	118470	5104	6135		1031		23850	1215	1035	180			5055	1.001 1.027
29	134490	8241	6559	1682			19705	1680	795	885			4170	1.035 1.052
Oct. 6	188877	6337	7192		855		20560	7785	2275	5510		1340		1.080
13	142912	4209	3938	271			20289	2235	3265		1030	310		1.090
20	149926	5967	5976		9		20298	1035	2640		1605		1295	1.065
27	121967	3213	2650	563			19735	3620	3350	270			1025	1.063
Nov. 3	100888	2275	2118	157			19578	2925	2415	510			515	1.068
10	140469	6322	6654		332		19910	4175	7575		3400		3915	1.053
17	152311	4718	6252		1534		21444	5980	6005		25		3940	1.026
24	129452	5056	4835	221			21223	5195	3760	1435			2505	May 1.028
Dec. 1	109067	4407	6887		2480		23703	5575	2885	2690		185		1.086 1.027
8	139822	2008	5878		3870		27573	2680	2770		90		95	1.105 1.046
15	79740	2465	3170		705		28278	2210	1965	245		340		1.088 1.038
22	95460	2401	2524		123		28401	1740	3005		1265		925	1.080 1.031
29	82399	2901	2908		7		28408	2245	3770		1525		2450	1.069 1.014
31	19160	1196	1637		441		28234	655	430	225			2225	1.079 1.041

In calculating the "net positions" which appear in the foregoing table allowance has been made where necessary for deliveries of cash wheat on contract. This has been possible only on a monthly basis, and for this and other reasons, "net position" figures and some other figures are subject to some slight readjustment as between weeks. The delivery items allowed for are as follows: Speculative group, 100,000 bushels taken in on contract during May; "hedging" group, during May, net deliveries 1,461,000 bushels; during July, taken in on deliveries, 970,000 bushels; during September, net deliveries 2,463,000 bushels; during December, net deliveries 615,000 bushels; during the year, net deliveries 3,569,000 bushels.

A general inspection of the foregoing table indicates in a broad way that the "hedgers" represented by the 45 "hedging" accounts did their heaviest net buying in June and their heaviest net selling in July and August. During the first part of the period from late April to the end of July these hedgers were usually buying more than they sold while during the latter part of this period they were usually selling more than they bought. The speculators represented by the 32 speculative accounts did their heaviest net buying around the middle of March, the first of August, the first of October, and the early part of December: and they did their heaviest selling around the middle of April, the end of June, and the middle of November. During the period from late April to the end of July these speculators were usually selling more than they bought.

No summary of the foregoing report as a whole is here presented because each of its parts is already in summary form. Attention is called, however, to the fact that none of these parts stands alone, and all of them should be considered together. Attention is also called to the fact that much information regarding the wheat situation in 1923, though not coming within the scope of this report, has a very direct bearing upon the significance of the report.

APPENDIX I. SENATE RESOLUTION NO. 9, SIXTY-EIGHTH CONGRESS,
FIRST SESSION.

Senate Resolution No. 9, introduced by Senator Ladd, which was adopted by the Senate on January 8, 1924, reads as follows:

Whereas, since the Grain Futures Act was declared constitutional by the United States Supreme Court, on April 16, 1923, members of the Chicago Board of Trade and other grain exchanges, with few exceptions, by means of their daily market reports and published opinions in the daily papers, and also market press reports written in Chicago and given wide publicity, together with syndicated articles which there is reason to believe had their inspiration in the board of trade, have systematically opposed the price of wheat, or, in trade terms, tried to "bear the market"; and because of this condition, there is reason to believe that the market was, except during brief intervals depressed by short selling by professional traders or speculators, and that the price has been depressed and held materially below a level warranted by legitimate supply and demand conditions; and, furthermore, because no information has been published by the Department of Agriculture regarding the activities of such speculators: Therefore be it

RESOLVED, That the Secretary of Agriculture be directed to take steps at once to determine, through the Grain Futures Administration, the position on the market taken by the well-known professional speculators and the members of the large "futures" commission houses of the board of trade, and promptly publish the findings, without opinions by the investigators as to the effect which the trading by said professional may have had.

APPENDIX II. PARTS OF GRAIN FUTURES ACT OF 1922.

The Grain Futures Act became a law on September 21, 1922, and was held constitutional by the Supreme Court of the United States on April 16, 1923. On April 30, 1923, the Board of Trade of the City of Chicago made formal application to the Secretary of Agriculture to be designated under the Act as a "contract market", and was so designated on May 3, 1923.

Among the conditions of such designation the one especially relevant to Senate Resolution No. 9 is as follows:

"Section 5.**** (b) When the governing board thereof provides for the making and filing by the board or any member thereof, as the Secretary of Agriculture may direct, of reports in accordance with the rules and regulations, and in such manner and form and at such times as may be prescribed by the Secretary of Agriculture, showing the details and terms of all transactions entered into by the board, or the members thereof, either in cash transactions consummated at, on, or in a board of trade, or transactions for future delivery, and when such governing board provides, in accordance with such rules and regulations for the keeping of a record by the board or the members of the board of trade, as the Secretary of Agriculture may direct, showing the details and terms of all cash and future transactions entered into by them, consummated at, on, or in a board of trade, such record to be in permanent form, showing the parties to all such transactions, including the persons for whom made, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such records shall be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture or United States Department of Justice."

That part of Section 8 of the act under which the investigation required by Senate Resolution No. 9 has been carried on reads as follows:

"For the efficient execution of the provisions of this Act, and in order to provide information for the use of Congress, the Secretary of Agriculture may make such investigations as he may deem necessary to ascertain the facts regarding the operations of boards of trade, whether prior to or subsequent to the enactment of the Act, and may publish

from time to time, in his discretion, the result of such investigation and such statistical information gathered therefrom as he may deem of interest to the public, except data and information which would separately disclose the business transactions of any person and trade secrets or names of customers."

APPENDIX III. CERTAIN REGULATIONS UNDER THE GRAIN FUTURES ACT.

Formal regulations with respect to contract markets were issued by the Secretary of Agriculture on June 22, 1923. Parts of these regulations especially relevant to the investigation required by Senate Resolution No. 9 are as follows:

1. These rules and regulations are made and prescribed with respect to contract markets under the Grain Futures Act of September 21, 1922, a copy of which is hereto annexed. These rules and regulations shall apply and be enforced only in accordance with and subject to the provisions of said Act.*****

2.***** There shall be a report by or for each clearing member, which shall include all contracts of sale of grain for future delivery, made on or subject to the rules of such contract market, to which he is a party either as seller or buyer. Such report shall show separately for each kind of grain and each delivery month the following facts:

(a) the net position at the beginning of the period covered by the report;

(b) the quantity of grain purchased and the quantity of grain sold on such contracts during the period covered by the report;

(c) the quantity of grain delivered and the quantity of grain received on such contracts during the period covered by the report;

(d) the net position at the end of the period covered by the report;

(e) the aggregate of all "long" and the aggregate of all "short" accounts carried at the end of the period covered by the report by the clearing member for whom the report is made, and

(f) the net position, at the end of the period covered by the report, of each separate account carried by such clearing member, when such net position equals or exceeds such amount as shall be specified in a written notice from time to time by the Grain Futures Administration to such contract market.

For the purposes of item (f), a distinguishing designation shall be used instead of the name of any person, but the name and address of such person shall be given upon request to a representative of the Grain Futures Administration authorized for the purpose by the officer in charge thereof. Such designation shall always be used for the same person and not for any other person and may be changed only by or with the approval of such representative.

3. Each member of a contract market shall, in accordance with the requirements of subdivision (b) of section 4 and subdivision (b) of section 5 of the Act, keep the records required thereby with respect to transactions for future delivery and cash transactions, in chronological order in such manner as to be readily accessible. He shall exhibit the same for inspection, or shall furnish true information or reports as to the contents or the meaning thereof, when and as requested by a representative of the United States Department of Agriculture authorized for the purpose by the officer in charge of the Grain Futures Administration.

*****The records as to transactions for future delivery shall be so kept

as to show whether or not the persons for whom such transactions are executed by each member are engaged in the cash grain business.

4. No representative of the Department of Agriculture shall, without the consent of the member, divulge or make known in any manner, except in so far as such representative may be required in order to perform his official duties or by a court of competent jurisdiction, any facts or information regarding the business of a member of a contract market which may come to the knowledge of such representative through any inspection or examination of the reports or records of, or through any information given by, such member pursuant to the Act and these rules and regulations.

APPENDIX IV.

Table showing at quarterly intervals, for a group of fifty-five accounts in wheat futures described in the foregoing report number net "long", number net "short", and number "even", with aggregates and combined net position of "uneven" accounts, Chicago Board of Trade, 1923.

Date	Number "Even"	Number Net Long	Aggregate of Net Long Interests Unit=1000 Bu.	Number Net Short	Aggregate of Net Short Interests Unit = 1000 bu.	Total Number "Uneven"	Combined Net Position (Long) Unit=1000 bu
Dec. 31, 1922	9	37	21429	9	4690	46	16739
Mar. 31, 1923	5	33	15906	17	12608	50	3298
June 30	8	32	10256	15	6473	47	3783
Sept 29	11	35	13293	9	2238	44	11055
Dec. 31	11	34	22170	10	3388	44	18782

